

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-06 SP-02

SS-15 STR-04 TRSE-00 ACDA-07 FEA-01 FRB-03 XMB-02

OPIC-03 LAB-04 SIL-01 /112 W

-----232149 014400 /67

R 221425Z FEB 77

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 2387

INFO AMEMBASSY GUATEMALA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY AN SALVADOR

AMEMBASSY TEGUCIGALPA

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GUATEMALA ALSO FOR ROCAP

E.O. 11652: N/A

TAGS: BEXP, ENGR, NU, XK

SUBJECT: CURRENT STATUS OF GEOTHERMAL ENERGY PROJECTS IN NICARAGUA

REF: (A) GUATEMALA 26 (B) 76 MANAGUA 5295 (NOTAL)

(C) 76 MANAGUA 5228 (NOTAL) (C) 76 MANAGUA 5190

1. DURING FEBRUARY 17-18 TEGUCIGALPA MEETING OF ECONOMIC-COM-MERCIAL OFFICERS FROM CENTRAL AMERICAN POSTS AND PANAMA, RICHARDSON (ARA/ECP) REQUESTED, IN CONNECTION WITH PROPOSED GEOTHERMAL SEMINAR (REF A), A ROUNDUP OF CURRENT STATUS OF GEOTHERMAL DEVELOPMENTS IN EACH COUNTRY OF REGION. BACKGROUND ON GEOTHERMAL DEVELOPMENTS IN NICARAGUA IS CONTAINED IN REFS B, C AND D.

2. CURRENT STATUS IS AS FOLLOWS:

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A. CALIFORNIA ENERGY CO., INC. IS DEVELOPING GEOTHERMAL POTENTIAL AT MOMOTOMBO VOLCANO SITE UNDER ITS \$22 MILLION CONTRACT WITH NICARAGUAN POWER COMPANY, ENALUF. LATTER, HOWEVER, HAS REPORTEDLY NOT YET MADE ANY PAYMENTS UNDER CONTRACT SIGNED LAST AUTUMN OWING TO CALIFORNIA ENERGY'S ALLEGED INABILITY TO PRODUCE REQUISITE BANK GUARANTEES. COMMENT: IT APPEARS CALIFORNIA ENERGY IS CAUGHT IN TUG-OF-WAR BETWEEN ENALUF AND PRESIDENT SOMOZA. SOMOZA IS SUPPOSED-

LY BACKING US FIRM, BUT NOT VERY ENERGETICALLY.

B. DRILLING AT MOMOBOMBO CONTINUES, ACCORDING TO WELL-PLACED SOURCE, WITH SOME 17 WELLS COMPLETED AND NEW WELLS COMING IN A PACE OF ONE PER MONTH. DRILLING IS EXPECTED TO CONTINUE FOR ANOTHER YEAR. POWER DEVELOPED FROM EXISTING WELLS HAS REACHED AN ESTIMATED 35 MEGAWATTS. ANOTHER SOURCE, HOWEVER, CLAIMS THAT CALIFORNIA ENERGY'S POOR ENGINEERING HAS REDUCED ENERGY OUTPUT FROM EXISTING WELLS BY HALF. EMBASSY IS NOT IN POSITION TO JUDGE AMONG CONFLICTING ASSESSMENTS OF WELLS' OUTPUT OR OF CALIFORNIA ENERGY'S QUALIFICATIONS.)

C. GENERAL ELECTRIC IS PLANNING TO SUBMIT OFFER ON TURNKEY GENERATOR FACILITY (REF B) TO PRESIDENT SOMOZA ON MARCH 1. GE'S OFFER WILL REPORTEDLY INCLUDE CIVIL WORKS CONNECTED WITH GENERATING UNIT; GE'S PUTATIVE PARTNER IN THIS OFFER IS SADE, A VENEZUELA-BASED CONSTRUCTION CONSORTIUM. FINANCING IS SUPPOSEDLY TO BE ARRANGED BY LOEB RHOADES & CO., A NEW YORK INVESTMENT HOUSE. THE LATTER AND GE MAY SEEK EXIMBANK SUPPORT FOR \$35 MILLION FINANCIAL PACKAGE.

D. NICARAGUANS CONTINUE TO NEGOTIATE WITH JAPANESE ON ABOVE TURNKEY PROJECT. GON REPORTEDLY TRYING TO CONVINCE JOG THAT NICARAGUA WORTHY OF SOFT CREDIT TERMS. PRESIDENT SOMOZA WILL MAKE FINAL DECISION ON THIS PROJECT WHICH WILL PROBABLY NOT BE MADE SUBJECT TO FORMAL TENDERS AND BIDDING PROCEDURES.

3. EMBASSY CONTINUES TO SUPPORT STRONGLY THE IDEA OF US-SPONSORED GEOTHERMAL SEMINAR IN CENTRAL AMERICA THIS YEAR. POTENTIAL FOR SALE OF US EQUIPMENT AND SERVICES IN THIS AREA COULD REACH HUNDREDS OF MILLIONS OF DOLLARS AND SUCCESSFUL DEMONSTRATION OF US TECHNIQUES AND HARDWARE IN THIS REGION COULD STIMULATE CONSIDERABLE BUSINESS FOR US FIRMS IN OTHER AREAS WHERE GEOTHERMAL ENERGY POTENTIAL EXISTS. THEBERGE

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Message Attributes

Automatic Decaptioning: X
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Sent Date: 22-Feb-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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